Supreme Court, U.S.
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No. 99-1974

In The

Supreme Court of the United States

JIM WEINS AND MAC MEYER,

Petitioners,

v.

ROBERT A. SPORLEDER, MERLE VAN LIERE AND EN-R-G MAX, INC.,

Respondents.

On Petition For A Writ Of Certiorari To The Supreme Court Of South Dakota

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether Petitioners have failed to raise a federal issue in their Petition.
2. Whether a federal question was raised by Petitioners before the South Dakota Supreme Court.
3. Whether a federal question was passed upon by the South Dakota Supreme Court.

PARTIES TO THE PROCEEDING

The Petition accurately identifies the parties.

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STATEMENT OF THE CASE

Petitioners' version of the facts is self-serving and makes incorrect statements such as Sporleder and Van Liere "produced En-R-G-Max, which was basically the same product as the product developed by Weins, Meyer and Sporleder" and that there was a "conspiracy between Sporleder, Van Liere and En-R-G Max, Inc." Petition, p. 8. These, and other misstatements and omissions by Petitioners, will be corrected in the following restatement of the case by Respondents Van Liere and En-R-G Max, Inc.

This case involves the development of livestock feed supplements to be fed free-choice in plastic tubs. Feed supplements take a variety of forms: from loose grains composed of one ingredient such as molasses; to mash, pellets, cubes, liquids, cakes, and blocks, tubs, or boxes that contain numerous ingredients. Feed supplements are generally made in three ways: heat process, cold process, and compressing. Because the feed is fed free-choice to livestock, various methods (e.g., hardening the product) and/or ingredients (e.g., salt) are added to attempt to limit the animal's consumption of the product to an optimal nutritional amount. For years prior to any lawsuit, Van Liere, Weins, and Sporleder had each been separately involved in the livestock feed business. *Weins v. Sporleder*, 1997 SD 111, ¶¶ 3-4, 569 N.W.2d 16, 17-18 (hereinafter *Weins I*).

In 1988, Weins, Meyer, and Sporleder began experimenting with a feed tub product that included numerous ingredients. All of the ingredients used in this feed product were well-known in the livestock industry and readily available for anyone to purchase. In fact, one of

the ingredients , En-R-G Flakes, was a product developed by Van Liere through a patented soybean flaking process Van Liere had developed. *Weins I*, 1997 SD 111, ¶¶ 3, 5, 569 N.W.2d at 17-18. The experimental tub product developed by Weins, Meyer, and Sporleder utilized "sugar and alcohol as limiting agents". *Weins I*, 1997 SD 111, ¶ 5, 569 N.W.2d at 18. When that product failed to satisfactorily limit consumption, Sporleder suggested that a well-known limiting agent, phosphoric acid, be used. *Weins I*, 1997 SD 111, ¶ 6, 569 N.W.2d at 18. The "precise results" of the adding of phosphoric acid to the product were unclear. *Id.*

In March, 1989, Weins and Meyer terminated their relationship with Sporleder. *Weins I*, 1997 SD 111, ¶ 7, 569 N.W.2d at 18. Subsequently, Sporleder went to Van Liere with a proposed tub product using phosphoric acid as a limiter. However, when experimental tubs of the product were tested, "consistency was never achieved." *Weins I*, 1997 SD 111, ¶ 8, 569 N.W.2d at 18. In May, 1989, as asserted by Van Liere, Van Liere began manufacturing his own tub product which he tested, resulting in a marketable product by August, 1989, called En-R-G Max. *Id.*

Contrary to Petitioners' assertion that "there was no similar product that effectively limited consumption" (Petition, p. 11), there were other similar products on the market which limited consumption. At trial, Weins admitted there were free-choice supplement tub products on the market in 1984 and 1985, including Crystalix and tubs sold by Prairie Livestock Products. Weins actually went down and looked at the Prairie Livestock Products tub

plant in Amarillo, Texas. Crystalix, a tub product of Hubbard, has been manufactured for twenty years and dominates the market. In fact, according to testimony given at trial by a rancher who tested some of Weins' product, Crystalix in a barrel was "pretty much the same as these [Weins and Meyer] had" except the barrel was metal. At trial, the evidence was that the Crystalix tub product also limited consumption.

In 1991, Weins and Meyer asserted a claim for violation of South Dakota trade secret law against Sporleder, Van Liere, and En-R-G Max, Inc. In count one of that complaint, Weins and Meyer asserted a South Dakota trade secret claim. In its first appeal decision, the South Dakota Supreme Court correctly stated that "there was never a clear assertion as to what exactly was claimed to be the trade secret." *Weins I*, 1997 SD 111, ¶ 18, 569 N.W.2d at 20.

At the jury trial, Weins and Meyer first stated that the trade secret was the formula they and Sporleder had developed by the end of December 1989, and that was set forth in the patent application which had been filed by Weins and Meyer. Among other testimony, Robert Riser, the expert retained by Weins and Meyer, contradicted any claim that the formula was a trade secret and agreed that "Anybody can come up with a formulation." Dr. White, the expert retained by Van Liere and En-R-G Max, Inc., testified that there is no such thing as a "secret formula" in the feed business due to the requirement of the disclosure of ingredients on feed tags and the availability of chemical analysis, microscopy, and mathematical models.

Weins and Meyer then claimed that the trade secret was the "concept for putting the tub together." In other

words, the idea of "buying raw ingredients, the mix – process of mixing, putting in a plastic tub with a formula ready for livestock out in the field – in the pasture." When questioned about this concept, Weins and Meyer admitted that the "setting up" of the tubs (i.e., the liquid absorbing the dry ingredients overnight) was "something that we accidentally stumbled into." Both Weins and Meyer also acknowledged that all ingredients they used were available for anyone to purchase. Weins even admitted that ingredients, such as the pre-mix, were "commonly used throughout the beef industry." Dr. White's testimony was most critical of this claimed trade secret, pointing out that everything done by Weins and Meyer was routinely done in the feed industry.

As the trial went on, the idea of using phosphoric acid and three limiters became a claimed trade secret. The knowledge of the use of phosphoric acid as a limiter, as discussed above, was well-known in the livestock feed industry. Furthermore, the fact that three limiters were used was not new or unique. As Meyer admitted, it could just as easily been four or five limiters. Dr. White testified, by using three limiters you are just "shooting the gap." Other feed manufacturing companies also used different levels of limiters.

Weins and Meyer repeatedly alleged that the use of plastic rather than steel tubs was a trade secret. Meyer admitted, however, "No. Later we found out that it probably was a novel idea, but it wasn't nothing (sic) that would hold water as far as standing out to be a secret. . . . Well, no one else was using it before we did, but once there out (sic), I suppose anyone could use it." In fact, Meyer admitted that other feed companies were using

plastic tubs and he was not accusing the other companies of misappropriating a trade secret.

The second count of the complaint was not for "tortious breach of a confidential relationship" as claimed by Petitioners. Petition, p. 8. In count two, Weins and Meyer asserted a breach of implied contract claim against Sporleder (not Van Liere and En-R-G Max, Inc.) also based on South Dakota law.

Weins and Meyer moved to amend the complaint in the fall of 1994. The amendment did nothing more than change a phrase in the second cause of action from "implied contract" to "oral contract". The alleged "oral contract" was between Weins and Meyer and Sporleder. Van Liere and En-R-G Max, Inc. were not part of the alleged contract.

This reading of the original and amended complaint was also recognized by the South Dakota Supreme Court, in its recitation of the facts in the opinion rendered on the first appeal. As stated in that opinion, the original complaint and first amended complaint of Weins and Meyer stated "a claim for violation of a trade secret law against Van Liere and En-R-G Max, Inc., as well as a contract action against Sporleder." *Weins I*, 1997 SD 111, ¶ 11, 569 N.W.2d at 19.

On the third day of the twelve-day jury trial, Weins and Meyer asked the trial court for leave to file a second amended complaint. The second amended complaint, in addition to the breach of contract claim against Sporleder and the misappropriation of trade secret claim, alleged tort claims of breach of fiduciary duty and fraud and deceit against Sporleder, Van Liere, and En-R-G Max, Inc.

See Appendix 60-63.[1] See also *Weins I*, 1997 SD 111, ¶ 12, 569 N.W.2d at 19; *Weins v. Sporleder*, 2000 SD 10, ¶ 2, 605 N.W.2d 488, 489 (hereinafter *Weins II*). Counsel for Van Liere and En-R-G Max, Inc. argued strenuously and on numerous grounds, including SDCL § 37-29-7, that the amendment was improper. SDCL § 37-29-7 is set out in full in the Petition, pp. 5-6.

Over all stated objections, the trial court allowed the amendment. As alleged by Weins and Meyer, the tort claims were based upon the following acts:

a) Appropriation of the secret as their own;

b) Lying to Jim Weins and Mac Meyer by denying they were in the process of preparing to manufacture and market the trade secret;

c) Not devulging [sic] to Jim Weins and Mac Meyer that a corporation was being formed to manufacture and distribute EN-R-G-MAX;

d) Fighting the patent application of Jim Weins;

e) Appropriating from Mitchell, S.D., the product used by Jim Weins, Mac Meyer and Robert A. Sporleder and taking it to Crooks, S.D., for the purpose of manufacturing EN-R-G-MAX.

Appendix 61.

Counsel for Van Liere and En-R-G Max, Inc. repeatedly argued to the trial court that these newly stated tort

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[1] All references to the Appendix in this brief are to the Appendix to Petitioners' Petition for Writ of Certiorari.

claims were displaced by SDCL § 37-29-7. Overruling these arguments, the trial court allowed the amendment and submitted the following claims to the jury on behalf of Weins and Meyer: breach of contract claim against Sporleder, and claims for trade secret, breach of fiduciary duty, and fraud and deceit against Sporleder, Van Liere, and En-R-G Max, Inc. The jury found against Sporleder on all counts. Appendix 137-140. The jury found that Van Liere and En-R-G Max, Inc. had not breached any fiduciary duty, but did find against those defendants on the trade secret and fraud and deceit claims. Appendix 137-140.

The jury awarded compensatory damages to Weins and Meyer for $440,000 apportioned as follows: 50% Robert Sporleder, 25% Merle Van Liere, and 25% En-R-G Max, Inc. *Id.* In addition, the jury awarded punitive damages against Sporleder in the amount of $100,000, against Van Liere in the amount of $50,000, and against En-R-G Max, Inc. in the amount of $50,000. *Id.* Although Petitioners assert otherwise (Petition, p. 14), Van Liere and En-R-G Max, Inc. had offered economic value testimony through John Wenande, a CPA who actually prepared the tax returns for En-R-G Max, Inc. Mr. Wenande testified as to the value of the company and stated it was considerably less than claimed by Petitioners. Wenande also testified that En-R-G Max, Inc. was not in an "extremely healthy" financial condition in that its current liabilities exceeded current assets.

After the trial, Weins and Meyer filed motions seeking prejudgment interest and punitive damages, both of which were resisted by opposing counsel. The trial court judge issued a letter opinion, dated April 24, 1995, in

which he denied both the request for prejudgment interest and the request for punitive damages. In the letter opinion, the court set out SDCL § 37-29-7. The court then stated:

> The issue of punitive damages was submitted to the jury in a special verdict form as the jury could have found in favor of Weins and Meyer as to their claim for breach of fiduciary or confidential relationship, or their claim for fraud and deceit, and not on the issue of misappropriation of trade secret. In those situations the jury determines punitive damages.
>
> The jury returned a verdict which included a breach of trade secret. The Uniform Trade Secrets Act displaces conflicting tort, restitutionary, and other laws providing civil remedies for misappropriation of trade secrets. The issue of punitive damages under S.D.C.L. 37-29-3(b) is thus left to the court if it finds willful and malicious misappropriation exists.

The trial court thus held that the tort claims asserted by Weins and Meyer were displaced by SDCL § 37-29-7. The punitive damages award by the jury was, therefore, stricken. Finally, the trial court determined that punitive damages were not warranted under SDCL § 37-29-3(b) as there had been no showing of willful and malicious misappropriation.

By motion, counsel for Weins and Meyer asked the trial court to reconsider this ruling. The motion was denied by the court, and Findings of Fact and Conclusions of Law were entered by the trial court judge. The Findings of Fact and Conclusions of Law stated that

Weins and Meyer were not entitled to prejudgment interest. As to the issue of punitive damages, the trial court concluded,

> 12. Plaintiff's claims for fraud and deceit, and breach of fiduciary or confidential relationship are other civil remedies for misappropriation of a trade secret in that the elements required to prove these torts are within the elements of a misappropriation of trade secret under South Dakota law. Since a misappropriation of a trade secret was found by the jury, damages are only to be awarded for the misappropriation of a trade secret, not the claims for fraud and deceit, breach of fiduciary duty.
>
> 13. The oral contract established a relationship demanding the exercise of proper care and acts and omissions in performance and gave rise to a duty in tort actions for fraud and deceit and breach of fiduciary or confidential relationship, but did not exclude the preemption of the Uniform Trade Secret Act under SDCL 37-29-7(b) (1) or (2) or form a separate non-tort contract basis for punitive damages under SDCL 21-3-2.

See *Weins II*, 2000 SD 10, 605 N.W.2d at 491, fn. 5. Also finding that there was no showing of willful and malicious misappropriation as required by SDCL § 37-29-3(b), the trial court concluded that Weins and Meyer were not entitled to an award of punitive damages on the trade secret claim. The trial court entered a judgment in favor of Weins and Meyer for $440,000.00 in compensatory damages, plus costs of $3,875.72.

Van Liere and En-R-G Max, Inc. moved for a new trial, or, alternatively, for judgment notwithstanding the

verdict. The trial court denied these motions, resulting in the first appeal to the South Dakota Supreme Court. In a September 3, 1997 decision on that first appeal, the South Dakota Supreme Court stated, "The trial court later found that the tort claims were displaced by the Uniform Trade Secrets Act and struck the jury's award of punitive damages." *Weins I*, 1997 SD 111, ¶ 1, 569 N.W.2d at 17.

In that appeal, Weins and Meyer filed the following Notice of Review issues:

> I. Whether the trial court erred in striking the punitive damages awarded by the jury.
>
> II. Whether Weins is entitled to prejudgment interest on the compensatory damages awarded by the jury.
>
> III. Whether punitive damages and attorney's fees should have been awarded on the first cause of action, misappropriation of a trade secret.

Weins I, 1997 SD 111, ¶ 14, 569 N.W.2d at 19. More specifically, Weins and Meyer argued on the first notice of review issue: "The court incorrectly applied SDCL § 37-29-7(b)(2) rather than SDCL § 37-29-7(b)(1) to the Second Cause of Action." Brief of Appellees Jim Weins and Mac Meyer in Response to Brief of Merle Van Liere and En-R-G Max, Inc. (Appeal Nos. 19307, 19308, 19310 and 19315). None of the Notice of Review issues, nor any discussion by Petitioners of the issues raised by Respondents, included any claimed violation of federal law. No versions of the Petitioners' complaint had ever set forth any alleged claim involving federal law.

After determining that there was no trade secret as a matter of law, the South Dakota Supreme Court directed, "Due to our holding on the trade secret issue, we need not address the remaining issues in this case. We reverse and direct a judgment consistent with this opinion." *Weins I*, 1997 SD 111, ¶ 32, 569 N.W.2d at 24. Petitioners filed a petition for rehearing which restated their previous arguments; again, no federal question was raised. The petition was denied by the South Dakota Supreme Court. Appendix 34-35.

Subsequently, counsel for Petitioners submitted letters to the trial court and filed a Motion to Amend Judgment on October 28, 1998. A hearing was held on the Motion to Amend Judgment on November 3, 1998. On November 4, 1998, the trial court issued a Memorandum Opinion in which the trial court examined the application of SDCL § 37-29-7 and concluded,

> Based on the above line of cases and the comment to section 7, with there being no trade secret, the damages found by the jury, based on causes of action other than trade secret, are not inconsistent with SDCL 37-29-3 or SDCL 37-29-7. This court thus will enter a judgment for $440,000 on the jury verdict for breach of an oral contract and breach of a fiduciary or confidential relationship against Sporleder and for fraud and deceit against Robert Sporleder[,] Van Liere, and En-R-G Max, Inc. and reinstate the award of punitive damages of $200,000 as determined by the jury since based on the Supreme Court opinion there is no trade secret and thus no conflict with the punitive damages found by the jury.

An Amended Judgment was entered reflecting this ruling by the trial court. Appendix 54-56.

Respondents Van Liere and En-R-G Max, Inc. appealed the Amended Judgment to the South Dakota Supreme Court. On January 26, 2000, the South Dakota Supreme Court issued its decision reversing the trial court and specifically ordering that a judgment be entered in favor of Van Liere and En-R-G Max, Inc. *Weins II*, 2000 SD 10, ¶ 17, 605 N.W.2d at 492. The South Dakota Supreme Court's decision was based upon its application of SDCL § 37-29-7 to the facts of the case.

In the second appeal, Petitioners brought no Notice of Review issues and raised no claimed violations of federal law in their brief on appeal. No issue of federal law was raised in the Petition for Rehearing filed by Petitioners on the second appeal. The petition was denied by the South Dakota Supreme Court.

REASONS FOR DENYING THE WRIT

The Supreme Court can only exercise appellate jurisdiction over those cases prescribed by Congress. See U.S. Const. art. 3, § 2. See also *American Constr. Co. v. Jacksonville, T. & K. W. Ry. Co.*, 148 U.S. 372, 378 (1893). Since 1988, the Congressional authorization for review of the decision of state courts has read as follows:

> Final judgments or decrees rendered by the highest court of a State in which a decision could be had, may be reviewed by the Supreme Court by writ of certiorari where the validity of a treaty or statute of the United States is drawn

> in question or where the validity of a statute of any State is drawn in question on the ground of its being repugnant to the Constitution, treaties, or laws of the United States, or where any title, right, privilege, or immunity is specially set up or claimed under the Constitution or the treaties or statutes of, or any commission held or authority exercised under, the United States.

28 U.S.C. § 1257(a).

In this case, no federal issue has been raised in the Petition. 28 U.S.C. § 1257(a). Furthermore, even if the Petition were construed to raise a federal issue, no federal issue was presented to the South Dakota Supreme Court nor passed upon by that court. "With 'very rare exceptions' . . . we have adhered to the rule in reviewing state court judgments under 28 U.S.C. § 1257 that we will not consider a petitioner's federal claim unless it was either addressed by, or properly presented to, the state court that rendered the decision we have been asked to review." *Adams v. Robertson*, 520 U.S. 83, 86 (1997).

I.

PETITIONERS HAVE FAILED TO RAISE A FEDERAL ISSUE IN THEIR PETITION.

As noted by this Court, generally in order for review of a state court decision to be granted, "it must be made to appear that some provision of the Federal, as distinguished from the state, Constitution was relied upon, and that such provision must be set forth." *New York Central & Hudson River Railroad Co. v. New York*, 186 U.S. 269, 273 (1902). Petitioners cite to no provision of federal constitutional law, as well as no treaty, and no federal statutory or

regulatory law in their Petition. As stated by the United States Supreme Court in its rules, the types of state court cases the Court considers are state court cases deciding "an important federal question in a way that conflicts with the decision of" another court and st te court decisions deciding "an important question of federal law that has not been, but should be, settled by this Court[.]" Sup. Ct. R. 10(b) and (c). Having failed to raise a federal issue, the Petition should be denied.

The case of *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969) does not satisfy Petitioners' obligation to identify a question of federal law. In *Lear*, the defendant contracted with Adkins, the plaintiff/inventor, for aid in developing a gyroscope used in airplane navigation. The licensing agreement provided for royalties if any advancement that the plaintiff developed was patented. Adkins' method of construction was utilized by defendant, however, Adkins was unable to receive a patent until his fourth attempt. During the six years between his initial patent application and the final, successful application, the defendant started, then stopped royalty payments. Adkins brought a contract action for royalties.

Contrary to Petitioners' assertion that "No patent issue was decided by the California Supreme Court" (Petition, p. 23), the California Supreme Court applied a long-recognized principle of federal patent law in its decision: that the doctrine of estoppel barred Lear from presenting any evidence questioning the granting of the patent in light of its licensing agreement with Adkins. *Lear*, 395 U.S. at 656. As stated by the Court, "Since the California Supreme Court's construction of the 1955 licensing agreement is solely a matter of state law, the

only issue open to us is raised by the court's reliance upon the doctrine of estoppel to bar Lear from proving that Adkins' ideas were dedicated to the common welfare by federal law." *Lear*, 395 U.S. at 661-662. There is no similar issue in this case.

Instead, Petitioners cite to footnote 9 of the *Lear* opinion. That footnote gives no basis for this Court to grant the petition in this case. As stated by the Court in that footnote,

> Adkins also filed a second cause of action which contended that Lear had wrongfully appropriated a valuable trade secret and so was liable regardless of the validity of the inventor's contractual and quasi-contractual theories. The trial court, however, required Adkins to choose between his contract and tort claims. Since the California Supreme Court completely vindicated the inventor's right to contractual royalties, it was not obliged to consider the propriety of this aspect of the trial judge's decision. Consequently, the tort claim is not before us at this time.

Lear, 395 U.S. at 660, fn. 9. There is nothing in that footnote which supports any reason for the Court to grant the Petition for Writ of Certiorari in this case.

Furthermore, as has been already determined by the United States Supreme Court, state trade secret laws, similar to those enacted in South Dakota, do not conflict with federal patent laws. See *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). There is no federal question, therefore, for Petitioners to raise.

On page 22 of their Petition, Petitioners set out a long quote from *Boeing Co. v. Sierracin Corp.*, 108 Wn.2d 38, 738 P.2d 665 (1987). Apparently referring to this quote, Petitioners also assert that the South Dakota Supreme Court decision is in "direct conflict with a U.S. Supreme Court decision." Petition, p. 24. The *Boeing* case, however, was not relied upon by the South Dakota Supreme Court in either *Weins I* or *Weins II*. In addition, there was no federal common law "breach of confidentiality" claim asserted by Petitioners in their complaint, amended complaint, or second amended complaint. Even if such a claim is included in the "breach of fiduciary duty" theory asserted by Petitioners, the jury found in favor of Van Liere and En-R-G Max, Inc. on that issue. Appendix 138. There is no federal issue, and no conflict with a United States Supreme Court decision.

Petitioners have failed to raise, and cannot raise, any federal question in their Petition. For this reason, alone, a Writ of Certiorari should not be issued.

II.

NO FEDERAL QUESTION WAS RAISED BEFORE THE SOUTH DAKOTA SUPREME COURT.

Even if Petitioners had properly raised a federal question in their Petition, their Petition must be denied because they failed to properly raise any federal question before the South Dakota Supreme Court. As noted by this Court in *Bakers Life & Casualty Co. v. Crenshaw*, 486 U.S. 71, 79-80 (1988), "comity to the States, and . . . a constellation of practical considerations, chief among which is our own need for a properly developed record on appeal"

precludes the Supreme Court from ruling on issues not in the record. See also Sup. Ct. R. 14.1(g)(i).

These concerns were more completely addressed by the Supreme Court in *Webb v. Webb*, 451 U.S. 493 (1981) in which the Court stated,

> It is appropriate to emphasize again . . . that there are powerful policy considerations underlying the statutory requirement and our own rule that the federal challenge to a state statute or other official act be presented first to the state courts. These considerations strongly indicate that we should apply this general principle with sufficient rigor to make reasonably certain that we entertain cases from state courts only where the record clearly shows that the federal issue has been properly raised below.
>
> In the first place, although the States are sovereign entities, they are bound along with their officials, including their judges, by the Constitution and the federal statutory law. Principles of comity in our federal system require that the state courts be afforded the opportunity to perform their duty, which includes responding to attacks on state authority based on the federal law, or, if the litigation is wholly private, construing and applying the applicable federal requirements . . . .
>
> There are also very practical reasons for insisting that federal issues be presented first in the state-court system. The requirement affords the parties the opportunity to develop the record necessary for adjudicating the issue. It permits the state courts to exercise their authority, which federal courts, including this one, do not have at least to the same extent, to construe

> state statutes so as to avoid or obviate federal constitutional challenges such as vagueness and overbreadth. The rule also insures that if there are independent and adequate state grounds that would pretermit the federal issue, they will be identified and acted upon in an authoritative manner. Finally, if the parties to state-court litigation are required to present their federal claims in the state tribunals in the first instance, those issues will be adjudicated in the state courts where necessary to dispose of the case. In most instances, such a judgment will be supported by an opinion that may well obviate any reason for our giving plenary consideration to the case. In terms of our own workload, this is a very substantial matter.

Webb, 451 U.S. at 500-501.

Petitioners failed to raise any federal question in their complaint, amended complaint, or second amended complaint. Although it would not be sufficient, Petitioners also failed to advance a federal constitutional, federal statutory, federal regulatory, or applicable federal common law provision in their briefs on appeal to the South Dakota Supreme Court or in any petitions for rehearing to the South Dakota Supreme Court. See *New York Central & Hudson River Railroad Co. v. New York*, 186 U.S. at 272-273; *Webb*, 451 U.S. at 496, fn. 3; *Board of Directors of Rotary International v. Rotary Club*, 451 U.S. 537, 550 (1987).

Even if the Petitioners had properly raised a federal question below, the Petitioners failed to cite any authority in support of any such argument, thereby waiving it under South Dakota law. See SDCL § 15-26A-60(6);

Gleason v. Peters, 1997 SD 102, ¶ 20, 568 N.W.2d 482, 486; *Weger v. Pennington County*, 534 N.W.2d 854, 859 (S.D. 1995); *Guthmiller v. South Dakota Dept. of Transportation*, 502 N.W.2d 586, 589 (S.D. 1993). See *Webb*, 451 U.S. at 498, fn. 4.

In its two reviews of the case on appeal, the South Dakota Supreme Court did not pass upon any issue involving federal law. "When 'the highest state court has failed to pass upon a federal question, it will be assumed that the omission was due to want of proper presentation in the state courts, unless the aggrieved party in this Court can affirmatively show the contrary.' " *Board of Directors of Rotary Inter'l*, 481 U.S. at 550 (quoting *Exxon Corp. v. Eagerton*, 462 U.S. 176, 181, fn. 3 (1983) (quoting other cases)). See also *Webb*, 451 U.S. at 495-496. Petitioners cannot meet their burden of affirmatively showing that they properly raised a federal question.

Due to the Petitioners' failure to properly raise a federal question before the South Dakota Supreme Court, a Writ of Certiorari should not be issued.

III.

NO FEDERAL QUESTION WAS PASSED UPON BY THE SOUTH DAKOTA SUPREME COURT.

The South Dakota Supreme Court did not pass upon any federal question, but based its decision solely on South Dakota substantive law. The United States Supreme Court has "no power to revise judgments based on questions of state [substantive] law." *Henry v. Mississippi*, 379 U.S. 443, 446-47 (1965). "Respect for the independence of state courts, as well as avoidance of rendering advisory opinions, have been the cornerstones of this Court's

refusal to decide cases where there is an adequate and independent state ground." *Michigan v. Long*, 463 U.S. 1032, 1040 (1983).

In *Weins I*, which was decided nearly three years ago,[2] the South Dakota Supreme Court did refer to cases from other states in addressing whether Weins and Meyer had a trade secret. See, e.g., *Weins I*, 1997 SD 111, ¶ 19, 569 N.W.2d at 20. The South Dakota Supreme Court simply looked to these cases for guidance in interpreting South Dakota trade secret law which is based upon the Uniform Trade Secrets Act.

In reaching its decision, the South Dakota Supreme Court concluded, as a matter of South Dakota law, that Weins and Meyer did not have a trade secret. The South Dakota Supreme Court was not bound to follow *Economy Roofing and Insulating Co. v. Zumaris*, 538 N.W.2d 641 (Iowa 1995). In fact, the only references the South Dakota Supreme Court made to that decision were in reference to another case which cited *Economy* for the standard of review. As stated by the South Dakota Supreme Court, "We agree with the standard of review applied in a similar case, *Uncle B's Bakery, Inc. v. O'Rourke*, 920 F.Supp. 1405, 1427 (N.D.Iowa 1996) (interpreting Iowa law)." *Weins I*, 1997 SD 111, ¶ 16, 569 N.W.2d at 20.

Furthermore, even if it is assumed that the Iowa Supreme Court might have applied the facts to the law

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[2] The Petition should also be denied as being untimely (see Sup. Ct. R. 13) as to the first decision of the South Dakota Supreme Court which was decided on September 3, 1997. A petition for rehearing was denied by the South Dakota Supreme Court on October 9, 1997. *Weins I*, 1997 SD 111, 569 N.W.2d 16.

differently than the South Dakota Supreme Court, that would not justify the granting of the Petition in this case. As pointed out in Sup. Ct. R. 10, "A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law."

The Washington Supreme Court decision cited by Petitioners also does not alter this analysis. In *Weins II*, the South Dakota Supreme Court cited *Ed Nowogroski Ins., Inc. v. Rucker*, 88 Wn.App. 350, 944 P.2d 1093, 1097 (1997) simply for the legal tenet: "A plaintiff 'may not rely on acts that constitute trade secret misappropriation to support other causes of action.' " *Weins II*, 2000 SD 10, ¶ 13, 605 N.W.2d at 492. In the *Nowogroski* court of appeals decision cited, that statement was made in the context of the court addressing the displacement effect of the Uniform Trade Secrets Act as adopted by the State of Washington. On appeal, however, the Washington Supreme Court did not address that issue. As stated by the Washington Supreme Court, "Nowogrowski Inc. does not argue to this Court that other tort causes of action should have been allowed to go to trial. . . . " *Ed Nowogrowski Ins., Inc. v. Rucker*, 137 Wn.2d 427, 971 P.2d 936, 941 (1999).

The only issue on appeal to the Washinton Supreme Court in *Nowogroski* was whether memorized information could constitute a trade secret. In the present case, the issue of what is a trade secret under South Dakota law was decided many years ago in *Weins I*. The decision of the Washington Supreme Court, therefore, changes nothing as to the South Dakota Supreme Court's decisions in *Weins I* or *Weins II*.

It should also be noted that to the extent federal district courts and courts of appeal decisions have addressed trade secret claims, they are applying the trade secret law of the states in which they sit. See, e.g., *Rohm & Haas Co. v. Adco Chem. Co.*, 689 F.2d 424, 428 (3rd Cir. 1982). Any reference to federal cases by the South Dakota Supreme Court was for guidance in interpreting Sioux Dakota law and does not create any federal issue appropriate for review by this Court. *Michigan*, 463 U.S. at 1041.

As the South Dakota Supreme Court did not pass upon any federal question, a Writ of Certiorari should not be issued.

CONCLUSION

For the foregoing reasons, a Petition for Writ of Certiorari should be denied.

Dated at Sioux Falls, South Dakota, this 7th day of July, 2000.

Respectfully submitted,

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